



STATE OF WASHINGTON
WASHINGTON STATE BOARD OF HEALTH
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Olympia, Washington 98504-7990

January 22, 2004

The Honorable Eileen Cody, Chair
House Health Care Committee
Post Office Box 40600
337 John L. O'Brien Bldg.
Olympia, Washington 98504-0600

Dear Representative Cody:

Please accept my apologies that this letter did not reach you prior to this week's initial hearing on HB 2460.

The Washington State Board of Health shares the goal of House Bill 2460—more affordable health insurance for small group employers. In these tough economic times, we all must set clear priorities and avoid having the perfect become the enemy of the good. We support reducing unnecessary regulations to increase affordability and to stabilize risk pools. We understand that many provisions of HB 2460 related to risk pooling and rating are intended to achieve these goals, and we offer no position on them. We trust you will receive more expert advice than we can offer from Insurance Commissioner Kreidler on these matters.

The Board also supports the look this bill requires us all to take at the need to continue offering a “Basic Health Plan (BHP) look alike” and “mandated benefits.” For more than a year now, the Board has suggested that the Legislature review mandated benefits to determine the extent to which they reflect the latest cost effectiveness research. We recognize that not all such mandates may be supported by solid science. But many are. The BHP “look alike” offering, for example, contains an exhaustively researched list of proven clinical preventive services we are glad you intend to preserve through the provisions in Section 1 of the bill. We applaud that step and offer only the following more precise reference to that standard: It is the Report of the U.S. Preventive Services Task Force *Guide to Clinical Preventive Services*, 3rd Edition. The US Preventive Services Task Force issues recommendations as a non-governmental, independent body. The work is supported by the federal Department of Health and Human Services Agency for Health Care Research and Quality, but the actual recommendations are those of the Task Force alone. These recommendations and a series of detailed papers reviewing the medical evidence supporting them are available at <http://www.ahrq.gov/clinic/gcpspu.htm>.

We are uncertain how HB 2460 would apply to certain other mandated benefits. We hope the Insurance Commissioner will view pre-natal testing, PKU screening and treatment, and neurodevelopmental therapies for children 0 to 6 as included within the term “maternity related services” and require coverage of these cost effective services. As you know, Governor Locke and the legislature followed the Board's analysis and advice last year about the cost benefit of using very scarce public resources to provide publicly financed insurance for an expansion of the set of mandatory tests for all newborns in our state. We trust that these services will also be seen as “maternity related” and that the Insurance Commissioner will require small employer coverage to include payment for them as well.

We are concerned however that HB 2460 would seem to end certain “service mandates” for employers of 50 or fewer persons. Depending on the discretion of the Insurance Commissioner, this bill might end requirements to cover diabetes treatments, chemical dependency, home health, hospice, mammograms,

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reconstructive breast surgery, mastectomy, and mental health service mandates. As you know there is solid scientific evidence for the health benefit and in some instances, the medical cost savings value of these services. For example, Governor Locke's explanation of this year's supplemental budget includes a presentation of DSHS's cost saving success in expanding substance abuse treatment to Medicaid SSI recipients. Net savings of \$252 per enrollee per month were achieved in overall medical and treatment costs when SSI recipients received needed substance abuse treatment. The DSHS Division of Alcohol and Substance Abuse can provide a host of studies documenting medical cost savings from offering substance abuse treatment to employed populations, elderly populations, the chronically ill, and many others.

Similarly DSHS has recently published research documenting similar, if somewhat less dramatic, cost savings than those for substance abuse when needed mental health services are delivered to Medicaid enrollees. That study documented cost offsets and reductions in pharmacy costs when drugs and mental health therapies were combined.

Diabetes training, equipment, and supplies are another cost effective service mandate that might be eliminated in the small group market under the terms of this bill.

Home health, hospice, mammograms, and subsequent treatment and more services that have proven cost effectiveness and health improvement track records might also fall away.

We know you share our concern for public health. The services listed above have proven value in improving the health status of Washington residents. You may determine it is necessary for some reason that some of these proven service mandates no longer be required of small employers. If that determination is made, we want to work with you to find alternatives so these services are accessible to this population. Alternatively, we respectfully suggest that HB 2460 be amended to protect access to these proven services in the small group market, even as you promote affordability there.

Thank you for your work on this bill.

Sincerely,



Linda Lake, Chair
Washington State Board of Health



Thomas Locke, MD, MPH, Vice-Chair
Washington State Board of Health

cc: House Health Care Committee Members
Washington State Board of Health Members
Ree Sailors, Governor's Office of Health Policy
Mich'l Prentice Needham, Governor's Office of Health Policy
Steve Meyer, Department of Health
Maxine Hayes, Department of Health
Michael Arnis, Office of the Insurance Commissioner
Don Sloma, State Board of Health
Patti Rathbun, Department of Health